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25X1A ONE ARTICLE FROM OER'S ECONOMIC INTELLIGENCE WEEKLY REVIEW
ENDING 24 NOVEMBER 1978, REQUEST ARTICLE BE PASSED TO AMBASSADOR,
JCM, ECONOMIC SECTION AND OTHER WORKING LEVEL STATE OFFICERS.
PLEASE PASS TO US MISSION DECD.
: PLEASE PASS TO US MISSION TO EC.
PLEASE PASS TO MILTON KOVNER, ECONOMIC COUNSELLOR.

PLEASE NOTE: BEGINNING WITH THE NEXT ISSUE, THE ECONOMIC INTELLIGENCE
WEEKLY REVIEW WILL BE ISSUED ON FRIDAY. CABLE VERSIONS OF ARTICLES
THEREFORE WILL BE SENT ONE DAY LATER AND SHOULD REACH YOU BY 000
THE FOLLOWING MONDAY.

USSR: MEAT SHORTAGES THROUGH SOVIET EYES.

1. ALTHOUGH THE BREZHNEV REGIME HAS MADE CONSIDERABLE
PROGRESS IN MEETING ITS COMMITMENT TO UPGRADE THE SOVIET
DIET, MEAT SHORTAGES REMAIN A MAJOR SOURCE OF DISSATISFACTION
AMONG THE SOVIET POPULACE. THESE SHORTAGES HAVE REQUIRED
HEAVY EXPENDITURES OF HARD CURRENCY FOR WESTERN FEEDGRAINS,
ESPECIALLY FOLLOWING POOR DOMESTIC HARVESTS. THIS ARTICLE
DESCRIBES SOME OF THE EFFECTS ON THE SOVIET CONSUMER OF
SEVERE MEAT SHORTAGES FOLLOWING THE SHARP DECLINE IN GRAIN
OUTPUT IN 1975.

2. REPORTS [REDACTED]
[REDACTED] HAVE OFFERED UNIQUE INSIGHTS INTO THE EFFECT ON THE

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[REDACTED]

SOVIET CONSUMER OF THE RECENT SEVERE MEAT SHORTAGES, THEY ALSO REVEAL A WIDE VARIETY OF OFFICIAL AND UNOFFICIAL RESPONSES TO THE PROBLEM THAT ARE UNAVAILABLE FROM THE SOVIET PRESS. ALTHOUGH DESCRIBING THEMSELVES AND THE PUBLIC IN GENERAL AS DEEPLY DISSATISFIED WITH THE SHORTAGES, [REDACTED] ADMITTED THAT THE WIDESPREAD COMPLAINTS ONLY OCCASIONALLY BOILED OVER INTO OVERT PROTEST. ONE ESSENTIAL FACTOR IN KEEPING THE LID ON CIVIL DISCONTENT WAS CONTINUED ACCESS TO MEAT SUPPLIES IN THE COLLECTIVE FARM MARKET (CFM), EVEN THOUGH THERE WAS AN INCREASING SPREAD BETWEEN CFM PRICES AND LOWER FIXED PRICES IN STATE STORES. UNCONCEALED ENVY [REDACTED] FOR THOSE WHO OWNED LIVESTOCK INDICATES THAT THE TIME IS INDEED RIPE FOR THE CURRENT KREMLIN CAMPAIGN TO ENCOURAGE GROWTH IN THE PRIVATE FARM SECTOR.

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BACKGROUND: DROP IN SUPPLIES.

3. AFTER AN INITIAL ROUND OF DISTRESS SLAUGHTERING WHICH TEMPORARILY RAISED MEAT OUTPUT, PER CAPITA PRODUCTION IN 1976 DROPPED BELOW THE LEVEL ACHIEVED IN 1971. MEAT SHORTAGES WERE FREQUENT AND WIDESPREAD, ESPECIALLY IN 1977, OCCURRING BOTH IN SMALL CITIES AND TOWNS AND IN THE MAJOR CITIES. LIVESTOCK HERDS FINALLY HAVE BEEN REBUILT SO THAT BY THE END OF 1978 PER CAPITA MEAT OUTPUT SHOULD EXCEED THE LEVELS REACHED IN THE EARLY 1970S. MEAT SHORTAGES ARE STILL COMMON, HOWEVER, AND THE GAP BETWEEN SUPPLY AND DEMAND PROMISES TO WIDEN AS INCREASES IN PERSONAL MONEY INCOMES CONTINUE TO OUTSTRIP GROWTH IN MEAT OUTPUT. IT IS THUS IMPORTANT TO REVIEW HOW WELL INDIVIDUALS AND THE REGIME COPE WITH THE LAST PERIOD OF UNUSUALLY STRINGENT SUPPLIES AND TO WHAT EXTENT TEMPORARY POLICY RESPONSES ARE BECOMING INSTITUTIONALIZED.

SEVERITY OF SHORTAGES AND PROFFERED CAUSES.

25X1C 4. [REDACTED] AGREED THAT THE MOST SEVERE SHORTAGES BEGAN EARLY IN 1976 AND CONTINUED THROUGH AT LEAST THE FALL OF 1977. THEY TALKED NOT ONLY OF DIMINISHED SUPPLIES BUT ALSO OF THE COMPLETE ABSENCE OF ALL KINDS OF MEAT IN STATE STORES FOR TWO OR THREE WEEKS AT A TIME. EVEN WHEN MEAT WAS AVAILABLE, THE SUPPLY DID NOT LAST BEYOND NOON. THE QUALITY

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[REDACTED]

WAS POOR AND BONES COULD EASILY MAKE UP MORE THAN HALF OF AN INDIVIDUAL'S PURCHASE. BEEF WAS IN THE SHORTEST SUPPLY. IN ONLY A FEW CASES DID A SOURCE REPORT THAT MEAT WAS ALSO UNATTAINABLE IN THE CFMS.

5. TWO GROUPS OF PEOPLE FARED BETTER THAN THEIR FELLOW CITIZENS--RESIDENTS OF THE BALTIC REPUBLICS AND OF MOST RURAL AREAS THROUGHOUT THE COUNTRY. [REDACTED] WERE KEENLY AWARE OF THEIR FAVORED POSITION AND ASCRIBED IT TO MOSCOW'S CONSTANT NEED TO KEEP THEM HAPPY UNDER SOVIET RULE. THE RURAL RESIDENTS OBVIOUSLY ARE LESS DEPENDENT ON THE STATE RETAIL NETWORK BECAUSE THEY ARE CLOSER TO THE SOURCE AND RAISE THEIR OWN LIVESTOCK.

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6. THE RELUCTANCE OF THE AVERAGE SOVIET CITIZEN TO BELIEVE OFFICIAL PROPAGANDA IS ILLUSTRATED BY [REDACTED] RESPONSE TO THE QUESTION, "WHAT WAS THE CAUSE OF THE MEAT SHORTAGE?" CONCEDED THAT THE PRESS HAD GIVEN A PERFECTLY LOGICAL EXPLANATION--THAT THE WEATHER HAD CAUSED A HARVEST FAILURE--THEY WENT ON TO OFFER WHAT THEY CONSIDERED THE "REAL" CAUSES:

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MEAT WAS EXPORTED TO THE WEST FOR HARD CURRENCY.

MEAT WAS EXPORTED TO CUBA AND VIETNAM.

THE BEST CUTS WERE DELIVERED TO PARTY AND GOVERNMENT LEADERS. AS ONE SOURCE EXPRESSED IT, "BREZHNEV TOOK IT FOR HIS BROTHERS."

LARGE AMOUNTS OF MEAT WERE CANNED AND STORED FOR DEFENSE NEEDS.

THE SHORTAGE RESULTED FROM POOR FARM MANAGEMENT.

RESPONSE TO SHORTAGES.

7. ALTHOUGH MEAT CONSUMPTION APPEARS TO BE THE MAJOR MEASURE OF SOVIET AFFLUENCE, THE CONSUMER'S RESPONSE TO THE 1976-77 MEAT SHORTAGES WAS TYPICALLY STOIC. PUBLIC DISTURBANCES WERE MINOR AND WERE APPARENTLY QUELLED QUICKLY

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[REDACTED]

AND EASILY. SEVERAL STRIKES WERE REPORTED, BUT MUCH OF THE PROTEST TOOK THE FORM OF PRANKS RATHER THAN SERIOUS LABOR DISRUPTIONS. [REDACTED] REPORTED A NEWSPAPER PHOTO OF BREZHNEV POSTED IN SEVERAL TRAIN STATIONS ALONG WITH MUG SHOTS OF WANTED CRIMINALS WITH THE SUBTITLE, 'HE STOLE OUR MEAT.' [REDACTED] ALSO CLAIMED THAT CARS LOADED WITH LITHUANIAN MEAT DESTINED FOR SHIPMENT FROM LITHUANIA TO THE RUSSIAN REPUBLIC WERE WELDED TO THE TRACKS BY LOCAL CITIZENS.

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8. WE HAVE NO EVIDENCE OF A STRONG COORDINATED EFFORT BY THE CENTRAL GOVERNMENT TO ALLEVIATE THE SITUATION. THE ONLY NATIONWIDE EFFORT REPORTED WAS A FISH DAY IN RESTAURANTS, OSTENSIBLY FOR DIETARY REASONS. ALL OTHER OFFICIAL EFFORTS COULD BE DESCRIBED AS ORIGINATING FROM LOCAL GOVERNMENTAL, TRADE, OR PLANT AUTHORITIES. A COMMON PRACTICE WAS TO LIMIT MEAT SALES AT STATE STORES, THE LIMIT RANGING FROM 1 TO 2 KILOGRAMS PER PURCHASE. A BIGGER PURCHASE WAS SOMETIMES ALLOWED FOR LARGE FAMILIES, PENSIONERS, OR DISABLED WAR VETERANS. THIS PRACTICE WAS ONLY PARTIALLY EFFECTIVE SINCE MANY CUSTOMERS QUEUED UP AGAIN. STATE INDUSTRIAL MANAGERS MADE A GENUINE EFFORT TO SUPPLEMENT AND REGULARIZE MEAT SUPPLIES FOR THEIR EMPLOYEES. IT WAS IN THEIR INTEREST TO DO SO SINCE THEIR WORKERS WERE FORCED TO MISS WORK IF THEY WERE TO BE SUCCESSFUL IN GETTING MEAT FROM THE STATE STORES. [REDACTED]

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[REDACTED] REPORTED THAT CANNED MEAT WAS SOLD IN THE CANTEEN OF THE COAL MINE. ON MAJOR HOLIDAYS IN ONE MOLDAVIAN TOWN, SELECTED STATE ENTERPRISES BOUGHT PORK AND BEEF DIRECTLY FROM THE FARMS AND SOLD IT TO THEIR EMPLOYEES AT A 50-PERCENT DISCOUNT. A RATION CARD SYSTEM WAS SET UP AT SOME PLANTS ENTITLING EACH WORKER TO ABOUT 3 KILOGRAMS PER MONTH. THE COUPONS WERE TRANSFERABLE, WHICH IMMEDIATELY CREATED A BLACK MARKET IN COUPONS.

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9. INDIVIDUAL EFFORTS TO IMPROVE MEAT CONSUMPTION INCLUDED THE AGE-OLD SYSTEMS OF BRIBES, BARTER, RESORT TO THE CFM, AND THE PRIVATE PLOT. PERSONS WITH VALUABLE SKILLS, SUCH AS BRICKLAYERS, CLAIMED TO BE ABLE TO TRADE THEIR SERVICES FOR MEAT, AND MEAT STORE PERSONNEL WERE USUALLY VULNERABLE TO UNDER-THE-TABLE OFFERS. ALTHOUGH THEY COMPLAINED ABOUT THE HIGH PRICES, [REDACTED] DEPENDED

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HEAVILY ON THE CFMS AS A RELIABLE ALTERNATIVE SOURCE. SEVERAL LOCALITIES ATTEMPTED TO PLACE A CEILING ON THE CFM PRICE, BUT IT WAS LIFTED WHEN THE PEASANTS REFUSED TO SELL THEIR MEAT. WHILE [REDACTED] ACKNOWLEDGED THAT THE ACQUISITION AND MAINTENANCE OF PRIVATE LIVESTOCK POSED ONSTANT PROBLEMS, THOSE FORTUNATE ENOUGH TO OWN A HOG, COW, OR SOME POULTRY FELT JUSTIFIED IN VIEW OF THE TIGHT SUPPLY SITUATION. [REDACTED] IN A WIDE RANGE OF OCCUPATIONS AND LIVING CONDITIONS OWNED LIVESTOCK. SOME REPORTED A DEFINITE LIBERALIZATION IN THE OFFICIAL ATTITUDE TOWARD PRIVATE FARM OUTPUT SINCE 1975, BUT OTHERS DETAILED REPRESSIVE MEASURES SUCH AS THE CONFISCATION OF PIGS, PRESUMABLY TO HELP FULFILL LOCAL FARM TARGETS.

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LESSONS LEARNED.

10. IF THESE ATTITUDES AND EVENTS CAN BE REGARDED AS FAIRLY TYPICAL OF THE GENERAL SOVIET POPULACE, THE LEADERSHIP LEARNED A GOOD DEAL FROM THE LAST PERIOD OF MEAT SHORTAGES. FIRST, THE SOVIET CONSUMER, EVEN IN THIS DAY OF RISING EXPECTATIONS, CONTINUES TO BE DOBILE AND LONG-SUFFERING IN AN AREA THAT IS VITAL TO IMPROVING HIS LIVING STANDARDS. SECONDLY, INFORMAL RATIONING SYSTEMS ADMINISTERED AT THE LOCAL LEVEL WORK FAIRLY WELL AND SEEM MUCH LESS DISRUPTIVE THAN WOULD A NATIONAL SYSTEM. AND FINALLY, AN UNFETTERED CFM AND AN EXPANDED PRIVATE FARM SECTOR DRAINS OFF EXCESS PURCHASING POWER AND ENERGIES THAT MIGHT OTHERWISE BE USED ON ACTIVITIES THAN RUN COUNTER TO GOVERNMENT POLICIES. (CONFIDENTIAL)E1,2,3 IMPDET WNINTEL.>

ORIG & AUTH: ASA/D/OER/NFAC [REDACTED]
CH, NFAC/CS [REDACTED]

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